

2024 AGM Chairman and Joint CEOs' Addresses

SYDNEY (Friday, 29 November 2024) – Centuria Capital Group (ASX: **CNI** or “**Centuria**”) provides the Chairman and Joint CEOs' addresses for the CNI stapled securityholders' Annual General Meeting (“AGM”) for the financial year ended 30 June 2024.

The AGM will be held today, Friday 29 November 2024, at the Museum of Sydney on the corner of Bridge Street and Philip Street, Sydney from 12:00pm AEDT. The AGM can also be viewed via a webcast using the following link: <https://meetings.lumiconnect.com/300-302-269-154>

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Authorised for release by Anna Kovarik, Company Secretary.

About Centuria Capital Group

Centuria Capital Group (CNI) is an ASX-listed specialist investment manager with \$21.1 billion of assets under management (as at 30 June 2024). We offer a range of investment opportunities including listed and unlisted real estate funds as well as tax-effective investment bonds. Our drive, allied with our in-depth knowledge of these sectors and intimate understanding of our clients, allows us to transform opportunities into rewarding investments.

www.centuria.com.au

Centuria

(ASX: CNI)

Annual General Meeting

Chairman and Joint CEOs' addresses

Friday 29 November 2024

12:00pm AEDT

Chairman's address: Garry Charny

Good afternoon and welcome. On behalf of Centuria's Board of Directors and Management, I would like to formally welcome you to our 2024 Annual General Meeting. I am Garry Charny, Chairman of the Centuria Capital Group.

I would like to acknowledge the Gadigal people of the Eora Nation, the traditional custodians of this land on which our AGM is being held and pay my respects to Elders past and present. We also welcome our friends from New Zealand.

Before we begin, I would like to confirm that after almost nine years I am not seeking re-election as a director and this will be my last AGM as Centuria's Chairman. This decision is consistent with my strong views that independent non-executive directors should not overstay their welcome but rather provide a pathway for board renewal. I will come back to that topic a little later.

It is my pleasure to introduce my fellow Board members – Kristie Brown, John McBain, Jason Huljich, John Slater, Joanne Dawson and Susan Wheeldon.

This year's economic and operating environments has presented numerous challenges for the Australasian real estate sector. Interest rates and the impact of higher debt costs have weighed on activity while inflationary pressures dampened investor and business sentiment. GDP growth has also remained anaemic. In fact, outside of the pandemic period, Australia experienced its lowest economic growth since 1992 when the nation was recovering from the recession 'we had to have.' This should give you an indication of the challenging environment we face today.

At Centuria, we have not been immune to these conditions as transaction volumes, valuations, debt costs and returns, to varying degrees, were impacted. Notwithstanding these impacts, we are pleased with our overall operational performance during the 2024 financial year, which is a testament to the integrated management model Centuria leverages to service its tenants, assets and to unlock new opportunities for our growing investor network.

On the asset front, throughout the past five financial years Centuria has delivered a 28% total compound annual growth rate (CAGR) for its assets under management (AUM). Though AUM is just one of several metrics used to measure performance, it has been particularly pleasing to see the Group's AUM remain steady throughout FY24. This stability has made Centuria a relative outperformer against those peers who suffered falling AUM levels in FY24, largely due to declining valuations.

The single point of difference that's enabled Centuria to maintain its \$21.1 billion platform is diversification. We are diversified not just in the traditional real estate sectors of office, industrial and retail but now more than 20% of our property platform is weighted to alternative sectors including agriculture, healthcare and real estate finance, the latter of which is often referred to as private credit or non-bank finance.

During FY24 Centuria Bass Credit continued to scale its operations as non-bank private credit tailwinds persisted. To this end, during the year Centuria increased its investment in Centuria Bass to 80%. It is the latest example of our corporate activity providing a runway for growth and early mover advantages, especially within alternative markets that can be highly scalable and appeal to a range of investors.

Reflecting back to when I first became Chair in 2016, Centuria was essentially an office only REIT. Today, in a paradigm shift, our platform now has a 30% weighting to industrial assets, 16% to retail and 21% to alternatives assets. Diversification has been the touchstone of our success and growth.

Sustainability

Another step forward has been the evolution and expansion of the Group's commitment to sustainable outcomes. During FY24, Centuria progressed its new Sustainability Framework and set targets. This Framework helps us better understand the environmental, social and governance impacts of our activities and assists driving ongoing improvements through our business strategy. It is based on the areas where the Group has, or can have, the greatest impact on the environment, people and the economy.

In particular, Centuria New Zealand delivered its first mandatory 'XRB' climate-related disclosures during the period. This extensive exercise will be implemented annually and helps the Australian business prepare for mandatory reporting in the coming years. Details of mandatory reporting and how the Group has positively progressed towards its targets were outlined in our fourth Sustainability Report, which was released in late October along with our voluntary Climate-related Disclosures.

Talent and leadership

During the year there were significant changes to our Board and Management teams to strengthen our talents and capabilities. Joanne Dawson joined the Centuria Board as an Independent Non-Executive Director and Chair of the Group's Audit, Risk and Compliance Committee (ARCC). We welcome Joanne warmly and I personally thank her for the exceptional job she has done in taking on this critical and demanding task. It would also be remiss of me not to mention Susan Wheeldon's contribution as Chair of both the Remuneration & Nomination Committee and the Culture & ESG Committee and Professor Simon Rice's contribution as Chair of our Conflicts Committee.

On the management front, Andrew Essey was promoted to Chief Investment Officer in Australia – this was richly deserved and Andrew's value and contribution to the Group should not be understated. Joel Lindsey was made Chief Investment Officer in New Zealand. Jesse Curtis is our new Head of Funds Management, Annie Scott was appointed National Facilities & Engineering Manager, Grant Nichols is now Head of Listed Funds and CIP Fund Manager and Belinda Cheung was appointed COF Fund Manager. Centuria NZ also strengthened its Senior Management Committee (SMC) with the addition of two new members - Ben Harding, Head of Asset Management and Centuria New Zealand Industrial Fund Manager, and Mark Madigan, Head of Finance NZ.

Reflective of Centuria's effective leadership is our 2024 Engagement Survey overall engagement score of 77%, which was maintained year-on-year. This is a notable outcome given overall engagement scores declined globally to 71% as well as nationally to 70% since 2023.

In addition to developing the team's skillsets through ongoing training, professional development, IT and cybersecurity training, management has continued to focus on wellbeing, particularly mental health awareness and training. This is now coupled with a new Employee Assistance Program (EAP) which provides extensive support and safety services for our team. Workplace culture has changed and Centuria has changed with it – all for the better. Lastly, we have an active and well organised intern/scholarship program which is creating long-term career opportunities for talented young graduates.

Conclusion

Centuria remains focused on being a leading Australasian real estate funds manager. Our experienced Management team remains dedicated to a disciplined, strategic approach to capital management with the aim of continuing our upward growth trajectory as financial markets stabilise. We intend to scale our business, particularly within alternative sectors, to provide compelling returns to you, our securityholders.

As I mentioned earlier, I will not stand for re-election as Chair or as a director. I am on the record about my personal views and commitment to board renewal. Simplistically, as a NED, it takes three years to get on top of the job, three years to really perform in the job and three years to work out it's time to get out of the job. My time is done and I will leave it to others to mark the scorecard. I join the Board in its strong support for Ms Kristie Brown to begin her tenure as Chairman following this AGM.

Without too much self-indulgence, I would like to reflect on the remarkable growth of the company over the last nine years from small cap in 2016 to being firmly entrenched in the ASX 200 today. In that period our AUM has grown from c. \$1.9 billion to c. \$21 billion. All of that would have been impossible without my fellow board members, the leadership of John and Jason and an extraordinary team of dedicated staff. I shall miss them.

Not wishing this to become a procession, I do want to single out and thank my co-sec team, in particular Anna Kovarik and Yvonne Tan, who do a lot of work, sight unseen, that makes the job of Chairman look far

more seamless than it really is.

If I leave any meaningful legacy, other than a hopefully robust share price, it is the fact that nine years ago we had no board diversity at any level within the Group. At the conclusion of this AGM, CNI will have four non-executive directors which skew 75% female and 25% male - a recipe for further success. Our REIT boards are 50% and 25% female-led respectively and Centuria Life has a 50% split. Further, 45% of all Centuria employees are women along with 29% of the Centuria senior executive. Disappointing as it is that we still have to keep measure of these things, Centuria has progressed by any measure.

In conclusion, let me again thank my fellow Board members, at both the Group and Responsible Entity level, our wider Management team in Australia, New Zealand and the Philippines and the entire team at Centuria who make this the company that it is.

Most of all, thank you, our securityholders, who have shared this journey with me and continue to share Centuria's vision for a high-performing, diversified real estate funds management business. Your support is never taken for granted.

So, let me leave you with the words of Oscar Wilde: some cause happiness wherever they go, others whenever they go.

I would now like to invite Jason Huljich to deliver his Joint CEO Address.

Joint CEO's address: Jason Huljich

Thank you, Mr Chairman, and good afternoon everyone.

John McBain and I, as Joint CEOs, welcome you all to Centuria's 2024 Annual General Meeting.

It is my pleasure to present Centuria's funds management and real estate activities during the year, which will be followed by John's address detailing Centuria's financial performance, ESG considerations, Financial Year 25's initial activities and our market outlook.

Funds management

As our Chairman mentioned, Centuria maintained assets under management at \$21.1 billion during the 2024 financial period. Maintaining AUM against the backdrop of challenging market conditions and falling valuations is noteworthy, relative to our industry peers. This performance is largely attributed to our diversification into alternative real estate sectors, which has allowed AUM growth in these new sectors, offsetting falls in some of the traditional asset classes. These alternative sectors invigorated our platform providing fresh growth opportunities and enabled the group to generate new revenue streams.

Approximately 96% of Centuria's AUM comprises real estate funds and more than 20% of this comprises alternative property sectors. In particular, over FY24 our agriculture real estate portfolio increased 21% to c.\$640 million and the real estate credit division, under the Centuria Bass brand, increased 46% to \$1.9 billion. During FY24 we increased our investment in Centuria Bass to 80%, which reflects a current earnings multiple of approximately four times, based on total acquisition costs.

We believe real estate is a long-term investment proposition and we continue to look for opportunities to organically grow our funds management platform. Throughout the year, Centuria executed \$2.3 billion of total transactional activity, including \$1.3 billion of acquisitions and real estate credit transactions and \$1.0 billion of divestments and real estate credit repayments. The Group's transactional activity was further supported by \$550 million of gross inflows from unlisted investors and \$600 million of new institutional capital for deployment.

This level of activity, while relatively lower than recent periods, is evidence of our team's ability to actively source and execute organic investment opportunities, despite the prevailing operating climate and subdued transaction markets in Australia and New Zealand.

Another growth lever available to the Group is a \$2.2 billion development pipeline, almost half of which is weighted to the strongly performing industrial sector. Centuria continues to selectively execute development opportunities that will create new generation assets for our underlying funds while contributing development management fees and some development profits to the business. Development completions of \$300 million were delivered in FY24.

Real estate platform

Now looking more specifically at our real estate platform. As at 30 June 2024, Centuria managed c.400 properties, leased to approximately 2,500 tenant customers. Lease terms were agreed across more than 630,000 sqm of space, encompassing 483 separate transactions. This significant leasing activity contributed to an average 5.7-year WALE and occupancy of over 96%. In addition we had a high 99% average rent collection. At Centuria, our tenant customers remain a key stakeholder group, that we continue to service, providing functional and attractive accommodation, as part of an ongoing hands-on management approach.

Centuria's real estate platform comprises over \$12 billion of unlisted real estate, \$6 billion of listed real estate and approximately \$2 billion of real estate credit. Our diversification strategy has seen us scale our exposure to alternative real estate sectors. Collectively, we have grown real estate credit, agriculture and healthcare to more than \$4 billion of Group AUM, including \$600 million in FY24 alone.

Centuria's industrial and large format retail (LFR) verticals also expanded during the period, offsetting the reductions across some of our traditional sectors.

Industrial

Tailwinds across the industrial markets persisted during the year, enabling Centuria to lease a record 350,000 sqm of space and achieve an average re-leasing spread of 42%. These strong leasing outcomes have continued to underpin valuation movements across the Group's industrial portfolio.

Retail

The large format retail sector also continued to provide compelling tailwinds with Centuria's portfolio achieving an average re-leasing spread of 5%. Centuria expanded its daily needs retail portfolio with the addition of Halls Head Central in Western Australia, which was strongly supported by our unlisted investor base. We continue to focus on daily needs and convenience-based retail centres with over 50% of our DNR income being derived from non-discretionary supermarkets and the LFR platform representing average site coverage of only 44% across a land rich portfolio of assets.

Office

Across our office platform, Centuria leased more than 105,000 sqm, testimony to the strength of Centuria's active in-house management and indicative of the demand for prime younger assets. Furthermore, over \$150 million of non-core office assets were divested, predominantly around prevailing book values. Throughout the period, Centuria also refinanced \$1.7 billion of debt across our office platform, accounting for circa 70% of the overall office portfolio.

Real estate credit

As mentioned, real estate credit delivered a very strong performance in FY24 as Centuria Bass continued to scale its business. We believe our early investment in the real estate private credit sector, has the Group well positioned to capitalise on opportunities, as we look to continued growth in our loan book, diversification of investor capital sources and the expansion of the Centuria Bass team.

Healthcare

Our healthcare portfolio AUM growth was impacted by cap rate movements along with more than \$160 million of non-core asset divestments, which included non-core properties and underlying assets within funds reaching their full term. Centuria Healthcare remains committed to its modern 'short stay' hospital healthcare

real estate model, that delivers efficient, sustainable models of care. We believe this model better insulates investors from some of the challenges being faced presently by traditional legacy healthcare models. Our healthcare assets are underpinned by robust tenant covenants with 88% of leases being net or triple-net and over 40% of leases being CPI-linked.

Agriculture

Finally, to agriculture. Our investment in protected cropping agricultural real estate has provided significant growth, with a relatively unique offering in the market. During the year, we added \$125 million of glasshouse and protected cropping investments across South Australia, Victoria and New Zealand, contributing to the growth of our platform to c.\$640 million. We believe increased demand for fresh produce, driven by a rising population and expanding global demand, provides strong tailwinds for agricultural real estate.

Finally, I would like to thank our outgoing Chair for the support and faith he has shown in me over the past nine years. Without it, we could not have achieved as much as we have. Thank you Garry.

It is now my pleasure to hand over to John McBain.

Joint CEO's address: John McBain

Thank you Jason. Let me begin with a summary of our financial performance throughout FY24.

Financial results

During the period, fiscal management remained a key priority, resulting in Centuria delivering a statutory net profit after tax of \$102.2 million and an operating profit after tax of \$94.7 million. The Group provided operating earnings per security of 11.7 cents and a distribution per security of 10.0 cents. FY24 operating earnings and distributions were in line with guidance set at the commencement of FY24.

Expanding on the Chairman's comments in respect of non-bank private lending growth, Centuria Bass' strong growth delivered a segment operating profit uplift of \$13.4 million, more than a 100% increase year-on-year. Centuria's other co-investment earnings increased to \$54 million and continues to be a strategic focus for the Group. Operating profits attributable to our property funds management segment reduced by \$7.5 million, primarily due to lower fees arising from subdued transaction markets and adjustments attributed to lower property valuations. These factors also impacted recognised performance fees in FY24.

Centuria retained over \$266 million of cash and undrawn debt as at FY24 year end. Through ongoing capital management, the Group realised \$289 million in cash from the sale and recycling of balance sheet assets, which contributed to year-end operating gearing of 12% and look-through gearing of 35%. As at 30 June 2024, Centuria's net asset value (NAV) increased to \$1.79 per security. Net operating cash inflows of \$122.7 million exceeded group operating profit after tax.

ESG considerations

As the Chairman mentioned, ESG and sustainability are key considerations for the Group and Centuria progressed its revised sustainability framework during the year. In addition to delivering Centuria NZ's first climate-related disclosures, the Group implemented numerous decarbonisation initiatives to assist us with meeting our emission reduction targets. These targets include eliminating gas and diesel from our operations for Centuria and COF where practicable by 2035, and targeting Scope 2 emissions by 2035 for Centuria and 2028 for CIP and COF.

Environmental initiatives included:

- lodgement of the FY24 group Climate Related Disclosures
- lodgement of the FY 24 Sustainability Report – both of these documents are publicly available on the Centuria website and the ASX reporting platform
- commencing electrification across 50,000 sqm of the COF REIT portfolio to reduce gas and diesel reliance

- sourcing the equivalent of 100% renewable energy across our Australian corporate offices, which reduces our scope 2 greenhouse gas emissions; and
- installing 1,125 kW of solar across assets in our funds.

Centuria continued to support the local communities in which we operate, volunteering a collective 450 hours and raising more than \$112,000 for charities. Additionally, Centuria has entered into a new agreement with social enterprise, Two Good Co, which now provides soap products to select Centuria assets. Fifty per cent of Two Good's profits are reinvested into their charitable Two Good Foundation, which employs and empowers vulnerable women, making their purpose-driven business one that Centuria is proud to support.

As part of our ongoing commitment to robust governance, the Group continued to implement responsible business practices with staff completing more than 9,000 hours of training across compliance competencies, cybersecurity, risk and safety throughout FY24.

Q1 FY25 activity

Centuria has begun FY25 with the purchase of a 50% stake in ResetData, which provides edge data centre opportunities to underutilised real estate spaces across office and other sectors. ResetData is unique in providing data centres reliant on liquid immersion cooling technology. A further area of diversification for the group.

Liquid Immersion cooled "edge" data centres have compelling fundamentals compared to traditional air-cooled data centres, in particular for AI inferencing where the heat load generated by the latest chip technology requires a liquid cooled solution. Our early mover advantage in this field can allow us to unlock new rental income for our real estate funds whilst also creating a future revenue stream from the ResetData business itself, which we believe will grow to be a meaningful contributor to Group's earnings over time.

We intend to scale our business with a particular focus on our newly established alternative vehicles. This includes opportunities to roll out edge data centres across suitable offices and other property sectors, the continued expansion of our real estate credit business and the expansion of the Centuria Agriculture Fund which has grown to \$440 million in the post Covid period. We aim to maintain our diversification as a strong, unique point of difference for our investors.

Also during the start of this financial year, the Group launched the Manning Mall Fund— which is acquiring a subregional shopping centre in Taree NSW. It was secured at a considerable discount to its replacement cost and underpins a new single-asset wholesale fund which has been fully subscribed in a relatively short offer period.

Finally, during the first quarter of this financial year Centuria strengthened its balance sheet through refinancing activity and bolstered our liquidity reserves with a new \$50 million debt facility, which introduces a major Australian bank to our lender pool. We also completed the early refinancing of a March 2025 wholesale note.

Market outlook

Looking ahead, we anticipate financial markets to stabilise across FY25 and FY26 and our real estate platform has been structured to take advantage of what we believe should be more favourable market conditions across both our core and traditional offerings as well as alternative sectors.

We believe FY25 will be an important transitional period for real estate markets. We have witnessed official cash rates reducing across Europe, the US and New Zealand and most commentators believe that a similar easing bias will be evidenced in Australia during FY25. The prospect of a lower domestic interest rate environment is inherently positive for real estate markets both in terms of market confidence and valuation stability.

This is already playing out in New Zealand where there have been multiple reductions in the official cash rate. As a marketplace Centuria is exposed to, it is rewarding to witness increased business activity and market confidence in New Zealand even at these early stages.

Centuria has provided FY25 operational earnings guidance of 12.0 cps and distribution guidance of 10.4 cps. This guidance is set at levels that reflect our best estimate of earnings based on what we believe to be likely market conditions.

As always, Jason and I are thankful for our team across Australia, New Zealand and the Philippines for their drive and dedication throughout a challenging operating period. Similarly, we thank the Chairmen and Board of Directors across the Group and Responsible Entity boards as well as our external committees whose guidance and support are invaluable.

Jason and I also want to offer a special vote of thanks to Centuria's Chairman, Garry Charny. Since accepting the Chairmanship nine years ago Centuria has experienced very strong growth, expanding into new markets – in terms of geographical reach and real estate sectors – and our team has grown in excess of 450 colleagues. In addition, Garry has shown great leadership in Centuria's progression regarding culture and gender equality.

We have evolved considerably and we are proud to have shared this journey with you Garry, thank you.

As Garry's role comes to an end, the Board has unanimously supported the election of Ms Kristie Brown to take up the Chairmanship role, passing the mantel to a highly regarded independent director with long-standing legal and real estate experience.

Finally, let me thank you, our securityholders, for your continuous support.

I will now hand back to the Chairman

-ENDS-

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